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Letter dated 23 July 2012 from the Chargé d'affaires a.i. of the Permanent Mission of South Sudan to the United Nations addressed to the President of the Security Council

The Republic of South Sudan has the honour to provide you with an update on the status of the negotiations between Sudan and South Sudan mandated by the 24 April African Union Peace and Security Council Roadmap and Security Council resolution 2046 (2012).

Following a successful meeting on 14 July between H.E. President Salva Kiir Mayardit and H.E. President Omer Hassan al-Bashir in the margins of the recent African Union summit, convened at the suggestion of my Government, a newfound spirit of cooperation between the two States emerged. At this meeting, the Presidents jointly endorsed a strategic approach to the negotiations. Both sides' negotiating teams were instructed to discuss comprehensive proposals covering all outstanding issues between the parties, and to reach a final agreement by 2 August. The negotiation teams engaged throughout the week of 16 July in Bahir Dar, Ethiopia, in constructive direct talks without the presence of international mediators. My Government's lead negotiation panel then travelled to Addis Ababa on 22 July, in line with a previously agreed schedule.

On 22 July, South Sudan's lead negotiation panel shared with its counterpart and with the African Union High-level Implementation Panel a proposed peace agreement containing concrete proposals to resolve comprehensively all of the outstanding issues between the two States prior to the 2 August 2012 deadline mandated by Security Council resolution 2046 (2012). The proposed Agreement on Friendly Relations and Cooperation* is fully consistent with the African Union Peace and Security Council Roadmap of 24 April, and also fully takes into account all previous agreements between the parties. Its purpose is the establishment of two viable States living side by side in peace, security and prosperity. This Agreement, if accepted by the Republic of Sudan, would ensure a permanent peace between the two States and also see a full resumption of bilateral trade, including oil production and export. In the interests of peace, South Sudan has made considerable concessions, including increased levels of financial transfers to Sudan in the period 2012-2014. South Sudan believes that this proposed Agreement is fair and balanced, and takes into account the interests of both States.

* The agreement referred to is on file with the Secretariat and is available for consultation.

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Despite these recent positive developments, I have the utmost regret to inform you that the Republic of Sudan conducted aerial bombardments inside South Sudanese territory in the locality of Rumaker in Northern Bahr el-Ghazal State, on the morning of 20 July. These bombardments represent a clear violation of the stipulations of the 24 April African Union Peace and Security Council Roadmap, Security Council resolution 2046 (2012) and cessation of hostilities agreements signed by the two States. My Government invites the United Nations Mission in South Sudan to investigate and verify these attacks on our national territory.

In the light of this highly regrettable incident, South Sudan decided on 21 July to end direct bilateral talks with Sudan. My Government has requested that from now until the 2 August deadline stipulated by Security Council resolution 2046 (2012), negotiations on this Agreement be scheduled and facilitated by the African Union High-level Implementation Panel. South Sudan intends to remain fully engaged in the Panel-facilitated negotiation process. My Government urges the Republic of Sudan to redouble its commitment to the strategic approach recently agreed by the parties, and to engage with this proposed Agreement in the spirit of cooperation that had prevailed in recent weeks.

My Government will also continue with preparations for a second summit between Presidents Al-Bashir and Kiir prior to 2 August, a meeting to which both Presidents agreed during their 14 July discussions. My Government remains committed to holding this meeting, the purpose of which is to make final decisions with regard to a comprehensive agreement on the basis of the proposed Agreement on Friendly Relations and Cooperation. We believe that with the requisite political will on both sides, it is possible to finalize such an agreement prior to 2 August.

I would be grateful if the present letter and its annex could be circulated to the members of the Security Council as a document of the Council.

(*Signed*) Francis **Nazario**
Deputy Permanent Representative
Chargé d'affaires a.i.

Annex to the letter dated 23 July 2012 from the Chargé d'affaires a.i. of the Permanent Mission of South Sudan to the United Nations addressed to the President of the Security Council

Summary of the proposed "Agreement on Friendly Relations and Cooperation between the Republic of South Sudan and the Republic of Sudan

The Agreement on Friendly Relations and Cooperation as proposed by the Republic of South Sudan aims at achieving permanent peace, security and prosperity for both nations. The Agreement, if accepted by the Republic of Sudan, would not only rejuvenate South Sudan and Sudan's economies, but also forever end hostilities, resume bilateral trade and oil export and open a new page of friendly relations. In the interest of peace, South Sudan is offering generous financial transfers to Sudan. This is a fair and balanced agreement where each nation will benefit.

Prevent a return to war and secure peaceful settlements of our differences

1. South Sudan has declared and honoured a cessation of hostilities and has unconditionally accepted the map proposed by the African Union High-level Implementation Panel to establish, without further delay, the demilitarized buffer zone, and immediately activate all security mechanisms.

2. South Sudan has proposed a time-bound final and binding international arbitration process to peacefully resolve the final status of the remaining outstanding contested areas along the border. For the security of the people living along the border, prompt final settlement is a priority and the Parties must cease the prolonged conflict and political negotiations.

3. South Sudan has proposed an African Union/United Nations referendum in Abyei before the end of the year where the Ngok Dinka along with any individual who has lived in Abyei for three (3) continuous years immediately prior to 9 January 2005 are eligible to vote.

4. South Sudan has proposed protection of the nationals of one State resident in the other and affirms rights of nomads and migratory populations to their traditional seasonal access to water and pasture.

5. South Sudan is offering support to negotiations between the Government of Sudan and Sudan People's Liberation Movement-North related to the Two Areas, humanitarian assistance, ceasefire and a comprehensive political settlement.

To ensure mutual economic viability

6. South Sudan is offering to immediately resume the export of its oil through Sudan's pipelines in exchange for fair, reasonable transportation fees. South Sudan also offers to forgive Sudan for over $500 million in lost revenues resulting from Sudan's prior confiscations and diversions of its oil.

7. South Sudan has increased its offer on per barrel transportation fees to $9.10 (GNPOC pipeline) and $7.26 (Petrodar pipeline): now offering a 7 per cent increase in processing fees so that Sudan could earn profits on its processing facilities not earned from other shippers.

8. South Sudan offers a Total Wealth Transfer of $8.213 billion to Sudan in the form of a Direct Financial Contribution, a Transit Fee, a Central Processing Fee Profit Component, and debt forgiveness. (This represents over 75 per cent of the $10.4 billion financial gap Sudan calculated after secession.)

9. South Sudan is now offering a total Net Cash Transfer to Sudan of $3.245 billion. This represents more than one third of the average of Sudan's calculated financial gap ($10.4 billion) and the International Monetary Fund's calculated fiscal gap ($7.768 billion).

10. South Sudan has increased its offer of debt forgiveness to Sudan from $2.8 billion to $4.968 billion.

11. South Sudan also has offered to jointly approach the international community to seek contributions to Sudan's gap, forgiveness of Sudan's external debt and removal of economic sanctions.